

Report of the Joint Legislative Committee on Homelessness

December 31, 2001

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Authority and Purpose

The Joint Legislative Committee on Homelessness was enacted in the Forty-fourth Legislature, First Regular Session (1999), Chapter 38, and was extended by two years in the Forty-fourth Legislature, Second Regular Session (2000), Chapter 20. Its purposes are to: (1) serve as a public forum for the purpose of discussing issues regarding current and potential services and programs to reduce homelessness and to assist the homeless; (2) advise the private sector and the executive branch of government of programs and policies pertaining to homelessness; (3) review homelessness programs and services to ensure efficient and coordinated use of resources and (4) submit periodic reports concerning homelessness issues to the Governor and Legislature.

Membership

The Committee is comprised of the following members: four members of the Senate, not more than two of whom are members of the same political party; four members of the House of Representatives, not more than two of whom are members of the same political party; seven members of the public who are not employees of the State, at least five of whom are involved in providing homelessness assistance; and an advisory member.

Activity

The Committee held one meeting this year on November 8, 2001. The Committee heard public testimony and presentations on:

- ◆ Creation of the Department of Housing
- ◆ Overview of the State Homeless Coordination Office
- ◆ The Gateway Program
- ◆ Youthful Offender Re-entry Initiative

Attachments: Committee Meeting Notice
Committee Minutes

ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE **OPEN TO THE PUBLIC**

JOINT LEGISLATIVE COMMITTEE ON HOMELESSNESS

Date: Thursday, November 8, 2001

Time: 10 a.m.

Place: Senate Hearing Room 1

AGENDA

1. Call to Order
2. Overview on Creation of Department of Housing by Steve Capobres
3. Presentation on Gateway Program by Mark Holleran
4. Reports from Subcommittees:
 - a. Supportive Services by Louisa Stark
 - b. Mental Health by Margaret Trujillo
 - c. Exoffenders Housing & Supportive Services by Mark Holleran
5. Next Steps
6. Call to the Public
7. State Homelessness Coordination by Rebecca Bair
8. Adjourn

Members:

Senator Mary Hartley, Cochair
Senator David Petersen
Senator Tom Smith
Senator Ramon Valadez
Rebecca Bair
Carol Kratz
Gordon Packard
Margaret Trujillo

Representative Mark Anderson, Cochair
Representative Leah Landrum
Representative Linda Lopez
Representative Roberta Voss
Mark Holleran
Kevin Murphy
Louisa Stark
Arnette Ward

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ARIZONA STATE LEGISLATURE

JOINT LEGISLATIVE COMMITTEE ON HOMELESSNESS

**Minutes of the Meeting
Thursday, November 8, 2001
10 a.m., Senate Appropriations Room 109**

Members Present:

Senator Mary Hartley, Cochair
Senator David Petersen
Senator Tom Smith
Senator Ramon Valdez
Kevin Murphy
Louisa Stark

Representative Mark Anderson, Cochair
Representative Linda Lopez
Rebecca Bair
Mark Holleran
Gordon Packard
Margaret Trujillo

Members Absent:

Representative Leah Landrum
Carol Kratz

Representative Roberta Voss
Arnette Ward

Staff:

Barbara Guenther, Senate Family Services Research Analyst

Chairman Hartley called the meeting to order at 10:15 a.m. and attendance was taken. For additional attendees, see Sign-In Sheet (Attachment A).

Stephen Capobres, Assistant Deputy Director, Office of Housing Development, distributed a handout (Attachment B) and discussed the creation of the Arizona Department of Housing, which came about at the passing of HB 2615 last session. In January, 2002, his office will transition to the Governor's Office of Housing Development, and in October, 2002 become the Arizona Department of Housing. He pointed out five strategic areas the department will be focused on: 1) Technical Assistance; 2) Homeownership; 3) Rental Housing; 4) Special Needs; and 5) Revitalization.

Mr. Holleran asked if there will be any affects on this new department regarding budget reductions. Mr. Capobres replied that they have offered 100% of their general fund money which is \$78,000. He explained that the department is primarily funded with federal funds with a budget of \$3.5 million.

Mr. Packard questioned if there would be more monies allocated to rental services. Mr. Capobres responded that they are laying a foundation for their ability to be more creative when it comes to financing. There will not be an immediate impact regarding resources. He indicated that they hope to produce monies that they can return to the program. He noted that bond activity would be a key contributor to the trust fund.

Ms. Trujillo inquired as to how this department will interact with the multiple efforts that are already in place that deal with the specialty populations on homelessness, substance abuse, and mental health. They are looking at implementing the initiatives from HB 2003 from last session that targets the seriously mentally ill (SMI) population; however, her committee on mental health and substance abuse has focused on trying to get more monies into the general mental health and substance abuse to get to the homeless issue. Mr. Capobres replied that the Department of Economic Security has taken a leadership with a State Homeless Coordinator. It is important that the various agencies work together and that the State has a unified plan to address homelessness.

Mr. Holleran introduced **Martin Schultz, Vice President, Government Affairs, Pinnacle West Capital Corporation**, who emphasized that the concept of a human service/homeless assistance center, also known as the Gateway Campus, is essential to a countywide development program dealing with homelessness. He applauded the professional efforts of the State, county, and city agencies in developing this program and working with the private sector and the various foundations.

Mary Rose Wilcox, Supervisor, Maricopa County, provided a short history of the center. She pointed out that in 1980 when the City of Phoenix decided to tear down the Duce for downtown development, the State was faced with a difficult problem. Many low-income people were living in the Duce, because it was affordable housing. At the same time, the State changed their policies regarding the mentally ill individuals; therefore, a large number of SMIs were on the street. Arrangements were made to open an emergency shelter in a warehouse. As a result, the Central Arizona Shelter Services (CASS) was formed as a temporary fix while the city, State, and county agencies worked on the homelessness dilemma. All reports indicated that there needed to be a central intake location with an ability to assess the issues and refer individuals to a network of resources throughout the community that could assist with the various segments of homelessness. She pointed out that the County is currently working on developing a campus of services. Judge Frank Gordon, chairs a Maricopa Association of Governments (MAG) committee called the Continuum of Care Committee. Six million dollars has been invested in developing this campus.

Rich Marshall referred to a handout (Attachment C) and discussed the methodology and recommendations of the Homeless Assistance Center.

David Smith next talked about the future direction of the Homeless Assistance Center, noting how the community providers began working on the idea of the center. He stated that a committee discussed the design of the center, how to ensure security, how to prevent criminal activities, and how to deal with the individuals with substance abuse and mental health issues. He mentioned that they are currently looking at an area south of CASS between 12th and 13th Avenues for this facility, as well as the O'Malley lumberyard property that the County would purchase and donate to be operated as a 501.C.3 not-for-profit organization.

Mr. Smith noted that MAG could begin as early as June 2002. He suggested that they would search for public partners to further a regional plan, which would include sites around the county that may deal specifically with women and children issues, domestic violence issues, and affordable housing for adult men. He stated that they have been working with the Department of Commerce (DOC) regarding discharge planning. DOC has applied for a federal grant that will allow for a more comprehensive discharge planning process.

Representative Anderson asked for additional details regarding substance abuse treatment. Mr. Smith replied that there are a variety of conditions of substance abuse. Many people will never be cured; however, they have seen many success stories. He emphasized that substance abuse treatment is one of the most expensive State programs. He pointed out that they do use proven programs. Mr. Marshall explained that there is a program through the County Health Department called Another Chance Program that serves approximately 120 people a year. CASS offers some self-help programs and Value Options provides more enhanced services. He stressed that approximately 50% of the homeless people have a substance abuse problem or a serious mental health issue. He indicated that the Department of Health Services (DHS) is the key State agency to address those problems. Mr. Marshall mentioned that the issue of a residential drug treatment facility was raised early in the planning stages, but it was determined that they did not want a residential drug facility on the campus because of the need for a highly secured area.

Representative Anderson remarked that he supports this concept and noted that much work and planning has gone into this effort. He suggested that perhaps more focus should be placed on substance abuse treatment. He said that he would like to know who the contractors are that will be providing the substance abuse treatment programs and what numbers of individuals will they be able to service. Mr. Marshall replied that the Another Chance Program is funded through Housing and Urban Development (HUD) and are contracted to serve 120 individuals a year. He indicated that they have tried to get additional resources through Value Options.

Brenda Robbins, Value Options, mentioned that they are a contractor to DHS and are still in discussions as to how the substance abuse services will be rendered. Currently, they are exploring the idea of a full clinical team, consisting of a doctor, nurse, social worker, case manager, vocational rehabilitation specialist, housing specialist, and substance abuse specialist to be on campus to deliver the services directly to the homeless.

Representative Anderson asked how many people are currently going through substance abuse treatment and how many have been treated successfully. If there is a 90% success rate, that can be dealt with; on the other hand, if it is only a 5% success rate, it will be necessary to explore other options. Ms. Robbins responded that Margaret Trujillo, Chair of the Mental Health and Substance Abuse Subcommittee, would be the person able to answer that question.

Ms. Stark congratulated the county and Mary Rose Wilcox for their efforts. She said that she is happy to hear that the campus will be part of the countywide program and hopes there will be additional campuses and emergency services located in other parts of the county sometime in the future. She asked how many people will be housed on the campus. Ms. Robbins indicated that Mr. Marshall will address that with his testimony. She noted that along with Marty Shultz and Supervisor Jan Brewer, she has approached Mike Bielecki of the Governor's Office to ask that these programs not be part of the budget cuts. She asked for the committee's support as well.

Mr. Shultz explained that the reason they visited with someone from the Governor's Office is because although the Legislature has the ability to appropriate State funds, the Executive branch has control of many of the federal funds. He, too, asked for the committee's support. Senator Hartley requested that he provide the Committee with a list of the programs that may be cut.

Mr. Shultz addressed Ms. Stark's question, noting that there is no plan to increase the bed capacity in the downtown area. He pointed out that CASS has 400 beds and would continue at that number. Hopefully over time it would be reduced. Nova Safe Haven provides 25-bed transitional housing for SMI and 25-bed for veterans, and those numbers would not change either.

Ms. Stark commented that there have been concerns in the neighborhood about the new campus but that they had become accepting of it as part of an overall county plan. However, she believes their understanding was that there would not be any increases in the bed capacity, but learned recently that an additional 50 beds would be added to CASS. She requested a better idea of the time line.

Mr. Smith replied that by January they would be ready to approach foundations. However, if their annual cycle does not synchronize with the time of request, they might have to go a whole cycle before receiving an answer. He stated that his opinion is that the foundations may want to act in concert and do something a little differently than they have done in the past. There are other prominent parties in the community that may want to form a venture philanthropist coalition and do a joint grant.

Ms. Stark noted concerns by the nonprofit organizations that work with homeless populations throughout the county that perhaps funding which would normally support their services will be needed for the development of the campus. Mr. Smith replied that they are aware that CASS needs to protect its funding sources. He suggested that they need to seek new funding sources, without jeopardizing existing sources.

Mr. Holleran summarized that there is much work yet to be done. He noted that a strategic plan, business plan and finance plan are in various stages of development. The providers have made significant progress in the last eight to ten months.

Representative Anderson asked if a 501.C nonprofit is going to be set up to oversee this campus. Mr. Holleran replied that a separate 501.C will handle the governance aspects of the campus because there will be several independent organizations on one piece of

property and certain rules and regulations will need to be agreed to. He further commented that they would have to agree on how to handle various clients because there would be homeless and nonhomeless individuals receiving services on this campus.

Representative Anderson asked if they had considered a charity tax credit because it seems like the 501.C tax credit would be excellent funding sources. Mr. Smith replied that it has not been discussed, because they are in the early stages of determining the operating costs. He added that people in the private sector had been approached about making large, substantial gifts. There have been sources that have wanted to give money for physical construction, as well as perhaps create an endowment that would provide ongoing operating funds.

SUBCOMMITTEE REPORTS

Supportive Services Subcommittee:

Ms. Stark provided a handout (Attachment D) regarding an overview of the subcommittee's accomplishments this year. She stressed that the subcommittee would like to continue with its activities in 2002. Some concerns include: 1) revisiting HB 2385 from last session to get some momentum going on the eviction prevention issue; 2) having a State agency (such as the Industrial Commission) charged with oversight of day labor to enforce regulation; and 3) reviewing the Department of Corrections (ADC) identification (ID) process for released offenders.

Chaplain Kay Martin, Ecumenical Chaplaincy for the Homeless, explained that approximately 5% of the clients sent to her needed to obtain a State ID in order to get services and/or employment. Two years ago, it was costing her nonprofit agency approximately \$12 per ID. Since these individuals were released with the appropriate documents and affidavits of identification, she suggested that ADC provide an ID prior to their release. Ms. Martin commented that she was given permission to reproduce and distribute to the Committee members the sample of an ID (Attachment E). Note that "Released Offender" in bright red letters is printed on the bottom of the ID. She pointed out that this is not the most impressive way for someone to meet a potential employer. She stated that many day labor agencies are willing to hire them under that ID; however, there is great inconsistency among those agencies. Depending on who one talks to at ADC, this ID is good for either ten days or indefinitely. However, at the Motor Vehicle Department (MVD), it is good for only ten days from date of issue, which is printed on the back. Therefore, within ten days the released offender has to obtain a job and earn the \$12 or return to her nonprofit agency to ask for payment of the \$12 to get a regular State ID. Ms. Martin stressed that she does not feel the problem has been solved.

Senator Smith asked if the ADC ID can be used to obtain a driver's license. Ms. Martin replied yes. Senator Smith stated that he understood that before inmates are released, they must have saved at least \$50. It appears they could get a driver's license with that money and it would not have "Released Offender" printed on it. Ms. Martin replied that

inmates receive \$50 upon their first release; however, on subsequent releases they would not have any money unless they earned something.

Senator Smith stated that if the State is educating these inmates, they should recognize they will need money upon their release for a driver's license. Ms. Martin replied that she agrees and has encouraged ADC to have inmates prepare a year in advance for their release.

Senator Hartley asked if she had any statistics on how many inmates, due to mental illnesses and various other things, are unable to work while in prison. Ms. Martin replied that she did not have those statistics, rather ADC would have those. She further noted that there are many inmates who fall into that category.

Jeff Taylor, Director of Grace Place, pointed out that he was formerly homeless and is a graduate of the ADC system. He stated that people released from prison are 100% felons. Most employers do felony checks. People are hired while the felony check is being done and then, most often, they are fired if they are convicted felons. Some employers will hire convicted felons with nonviolent drug offenses. He stated that he feels approximately 10% of the inmates do not work because of SMI barrier.

Mr. Taylor continued that under the Americans with Disabilities Acts, drug addiction falls into this category, so there are increasing numbers who cannot maintain employment.

Representative Anderson noted there was a bill last session that provided these types of common sense things to prepare inmates well before their release.

Ms. Stark noted that there is a description of the grant proposal made by ADC to work with youth offenders. She further commented that it is hoped anyone working with them will provide some outreach to the prison population. She indicated that Director Stewart would have the statistics regarding those inmates who are unable to work because of illness or mental illness. She said that she feels there is a large number of inmates who do not earn money while in prison.

Mr. Packard commented that in Tucson, inmates are released with very little options and that the \$12 for the ID is a good investment in trying to reduce the rate of recidivism.

Mental Health Subcommittee

Ms. Trujillo stated that the previous report submitted by the Subcommittee focused on mental health and substance abuse. When discussing SMI, that is a very broad area. The degree and category with which a person is identified as mentally ill depends on the severity of the illness the person is experiencing at that time. To be considered SMI, there is criteria and a diagnosis. There is an entitlement that goes along with an SMI diagnosis, including treatment, housing and rehabilitation. There are no entitlements for the general mental health individuals, unless there is enough money. She added that they were fortunate with the passage of HB 2003 last session to begin focusing on

preparing and serving individuals with SMI diagnosis, as well as those with general mental health and substance abuse issues.

Ms. Trujillo stated that the subcommittee has continually supported the Legislature and Department of Health Services (DHS) in their effort to keep funding available to treat people diagnosed with serious mental illness. Last year, the Subcommittee requested that they also include the general mental illness individuals, rather than having them classified as SMI to get services.

Ms. Trujillo next discussed substance abuse. She pointed out that the Subcommittee had a number of discussions and presentations from providers of substance abuse services. Substance abuse and recovery from substance abuse means different things to different people. There is a growing population of homeless women with substance abuse issues and with children, who need housing. She emphasized substance abuse requires a high level of intensity and continued support. When dealing with families, it is important to treat them holistically to bring them back into the mainstream. That requires housing, the opportunity for intensive treatment and support.

Ms. Trujillo addressed the impact of the implementation of HB 2003. The Regional Behavioral Health Authorities (RBHA) throughout the State have been diligent in taking that appropriation to the nonprofit provider agencies. Houses and apartment complexes identified as treatment modalities are beginning to impact the neighborhoods. She pointed out that there is a fear and stigma attached to mental illness. There is an assumption that substance abuse equates to criminality. Ms. Trujillo commented that it is usually true when dealing with inmates; however, there are a number of highly functional people with substance abuse issues and continue to remain in the mainstream.

Exoffenders Housing Subcommittee

Mr. Holleran stated that there has been a significant improvement in communications with ADC since last session. ADC looked for funding outside the State system to address inmates being released on active supervision from the prison. ADC applied for monies through the United States Departments of Justice, Health and Human Services and Labor. The program has been referred to as the Young Offenders Initiative Re-entry Program (Attachment F). He mentioned that this grant opportunity addresses individuals between the ages of 18 and 35. According to ADC, 867 inmates were released homeless in 2000 in this age group. A significant number of those ended up at CASS or Prima Vera in Tucson. The \$3.1 million grant would address issues such as, pre-release planning, appropriate case management, assistance in obtaining jobs, and housing. He pointed out that 25 grants are available for the 50 states and Arizona has a good chance to receive one. He noted that some of the monies will allow emergency shelter providers to recoup some of their expenses. Some of the funds will provide additional transition housing for offenders.

Ms. Stark mentioned that many cities have made it extremely difficult for an exoffender to get housing. For any nonprofit organization to receive any type of government

funding, they need to sign a document that they will not rent to a person who has had a felony conviction in the last ten years. Sometimes this information must be put in the deed restriction. Essentially this means that even a person who had a DUI nine years ago, has been sober and responsible since then, it is difficult for that person to find housing. Also, the family may be living in crime-free housing, but the released inmate cannot live with the family if they want to keep their housing. These type circumstances often lead to recidivism.

Brenda Bair, State Homeless Coordinator, DES, distributed a handout (Attachment G) and provided an overview of the Community Services Administration, specifically the homeless unit. To some extent all units within the Administration provide services to the homeless or at-risk-of homeless populations; however, there is unit specifically for homeless. \$3.9 million flows through the homeless unit covering services such as case management, transitional housing, emergency shelter, counseling and transportation. The largest services provided are shelter services. The \$3.9 million is contracted to community-based nonprofit providers throughout the State.

Ms. Bair noted that emergency shelter housing was provided in six counties to 38,000 individuals.

Mr. Holleran asked how much of the \$3.9 million is State money and how much is federal pass-through money. Ms. Bair replied that she believes about only \$1 million is State money, the rest is Temporary Assistance for Needy Families (TANF) money.

Mr. Holleran suggested that there should be presentation at the next meeting on the continuum of care because it is critical for this Committee to understand the bigger picture. Senator Hartley stated that hearing no objections, a presentation on continuum of care would be part of the next Committee agenda.

Mr. Anderson suggested that at the next meeting, DHS provide a breakdown of the drug treatment providers, their success rates, and how it will affect the campus.

Ms. Trujillo commented that she feels the Committee has made great strides in these programs and that they should have a voice in ensuring their budgets are not cut.

Mr. Packard stated that everyday another industry is laying off a substantial portion of its workers and he thinks it would be useful to see an updated report on the number of people who are unemployed and don't have support. Those are the people who will ultimately feed into the homeless shelters and homeless assistance programs.

Senator Hartley acknowledged that the following were present: **Lynne DeGirolomo, Director, Family Challenge and Verde Valley Homeless Coalition; Evelyn Buckner, Program Director, Arizona Coalition to End Homelessness; Riann Balch, Arizona Coalition to End Homelessness.**

Mr. Taylor stated that there is a huge demand for service for substance abusers who need long-term treatment, but there is absolutely zero bed space. These are people

who have lost their jobs, their families, their homes, and everything dear to them, and are now on the streets. He emphasized that there is no bed space available to the 14,000 homeless people, the 12,000 inmates released from ADC, the 70,000 inmates released from the Maricopa County jail annually.

Representative Andersen asked if he is counting the 120 beds available at Another Chance. Mr. Taylor replied that the Another Chance program has residential beds in several halfway houses throughout the Valley. It is the best they can do with the money they have. He pointed out that a question was asked earlier if the drug treatment program should be physically located on the campus. He said that his answer would be "absolutely not." As one who has lived on campus and also been in drug treatment, the success of substance abuse programs is largely reliant on control and structure of the property. It is not a good idea to mix populations on the campus.

Representative Anderson asked why the current plan does not include a residential substance abuse treatment facility. Mr. Taylor replied he imagines it is a budgetary constraint; he knows of no other reason.

John Feit, St. Vincent De Paul, stressed that everyone knows there are gaps in the system. The question is what is being done to plug the gaps? He pointed out that the Gateway Campus is intended to primarily address intake assessment. After determining the primary underlying cause of each person's repetitive homelessness, there will need to be a transitional place to send them to receive supportive services, moving toward permanent housing. There will need to be permanent housing for SMI individuals, who will need continuous housing with supportive services. He said he feels there have been significant changes from neighborhood groups who were extremely opposed to a transitional housing facility in their area and are now open to the idea. He noted that they have asked for a watchdog agency for day labor, specifying that Mr. Holleran has initiated a solution to day labor, creating a day labor agency at CASS. He has created an agency that treats people fairly, humanely and gives them hope. That is what it is all about, giving people hope.

There being no further business, the meeting was adjourned at 12:30 p.m.

Respectfully submitted,



Carol Dager
Committee Secretary

(Tapes and attachments on file in the Secretary of the Senate's Office/Resource Center, Room 115.)